International Labour Organization

ILO brief

Methodological Brief

April 2025

The ILO financing gap estimates: A response to Kidd et al. (2025)

Key points

- The purpose of this note is to respond to the Development Pathways Issue No. 35 (Kidd et. al 2025), which posits that the required investment to ensure universal social protection in low-income countries is significantly lower than the ILO estimate of 19.8 per cent of GDP or US$552.3 billion in 2024 for 25 low-income countries (Cattaneo et al. 2024).
- We would like to thank Stephen Kidd, Diloá Athias and Olivia Claxton for taking the time to review ILO's financing gap estimations for universal social protection. It is our strong conviction that improvements in knowledge depend on critical review, disagreement and healthy debate. However, we are convinced that ILO methodology is both rigorous and consistent, and that the critique often stems from a mischaracterization or selective reading of our analytical choices.
- According to Kidd et al. (2025), the core problem of the ILO financing gap estimates (Cattaneo et al. 2024) lies in using national poverty lines to set the values of the social protection benefits. The approach in Cattaneo et al. (2024) follows the guidance of the ILO Social Protection Floors Recommendation, 2012 (No. 202), which clearly states that benefits should be set according to national poverty lines. The same method was used in the previous three editions of the ILO's financing gap study (Ortiz et al. 2017; Durán-Valverde et al. 2019; 2020). The poverty lines were adjusted for inflation to reflect 2024 levels, ensuring that the real value—or purchasing power—of benefits is maintained, in accordance with the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102).
- After careful consideration of the detailed comments provided by Kidd et al. (2025), we do not see any reasonable ground for revising the methodology of the ILO financing gap.
- We find the alternative methodology proposed by Kidd et al. (2025) to be weak for several reasons. First, it includes only 10 out of the 25 low-income countries, making it unrepresentative. Second, it lacks justification for using a proportion of GDP per capita to determine benefit levels—a method that results in extremely low benefit levels, in some cases nearly ten times lower than the national poverty line. Additionally, the financing gap estimate by Kidd et al. (2025) fails to account for existing social protection coverage, thereby overlooking the progress made in extending coverage and providing additional benefits to current recipients.
- The point on which we converge with these authors is on the need to pay greater attention to the adequacy of social protection benefits. This is an area on which we are currently undertaking systematic work (ILO and ITCILO Forthcoming). However, accounting for the adequacy of benefits has the potential to increase the financing gap estimates, thereby going in the opposite direction to what Kidd et al. (2025) would like to see (i.e. reducing the financing gap estimates). Nevertheless, we maintain that social protection systems are still affordable, even in low-income countries, particularly when implemented progressively over time.

Why has the ILO calculated the financing gap for universal social protection?

Financing challenges are at the heart of the current sustainable development crisis. The ongoing 4th International Conference on Financing for Development (FfD4) aims to address these challenges and renew the momentum towards achieving the SDGs and beyond (UNDESA 2024). To ensure that universal social protection is prominently featured in the action areas of the FfD4 outcome document and to inform Member State deliberations, the ILO was asked to prepare the financing gap estimates for social protection (Cattaneo et. al 2024; UNDESA 2025) and launched the estimates at the Financing for Development Forum in New York in April 2024.

Thanks to the interest that the estimates generated, the ILO has worked with partners to integrate social protection in a meaningful way in the FfD4 process (ILO and USP2030 2024).

Setting the level of social protection benefits: The relevance of national poverty lines

According to Kidd et al. (2025), the core problem of the ILO financing gap estimates (Cattaneo et al. 2024) lies in using national poverty lines to set the values of the social protection benefits.

Why does the ILO use national poverty lines to determine the level of social protection benefits?

One can think of a poverty line as the monetary equivalent of an underlying concept of human welfare in a specific setting—a *social norm* that can vary from one setting to another (Ravallion 2012). We use national poverty lines, income thresholds for social assistance or other comparable thresholds established by national law or practice for determining social protection benefits because national definitions of poverty are critical for policy decisions regarding who needs support and by how much. This is why the ILO Social Protection Floors Recommendation, 2012 (No. 202) states very clearly in its paragraph 8(b) that “Nationally defined minimum levels of income may correspond to the monetary value of a set of

> The growth of knowledge depends entirely upon disagreement
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> **Karl Popper, 1959 (Popper 2005)**

necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds established by national law or practice”. Hence, the latest estimates of Cattaneo et al. (2024), as well as the previous three editions of the ILO financing gap study (Ortiz et al. 2017; Durán-Valverde et al. 2019; 2020) have consistently estimated the cost of providing a social protection floor using national poverty lines, in accordance with Recommendation No. 202.

According to this Recommendation, national social protection floors should comprise basic social security guarantees to all residents and all children, allowing a dignified life. This approach ensures that the social protection floors established at the national level prevent people from falling into poverty and empower those who are poor to escape poverty.

The majority of countries surveyed adopted absolute national poverty lines, which directly identify a basket of basic needs and determine the poverty threshold based on the cost of that basket (Aprea and Raitano 2023). The basic needs considered in a majority of countries refer to food, adequate housing and the affordability of decent clothing and peoples’ main social activities. However, in a few countries, such as Bosnia and Herzegovina and Mauritius, relative poverty lines were employed. These relative lines define poverty thresholds based on the living standards in the country, often based on median household incomes. For certain countries, where poverty lines were not nationally defined, other criteria, such as minimum wages (for example, Turkmenistan), were used.

National poverty lines, while by no means perfect, are all what is available for use (see further below on the relative merits or deficiencies of International Poverty Lines). However, national poverty lines must be adjusted for inflation to remain constant in real terms, thus allowing for meaningful 2024 financing gap estimates. The protection of the purchasing power of benefits is in line with ILO Social Security (Minimum Standards) Convention, 1952 (No.102). In the ILO study (Cattaneo, et al. 2024), the poverty lines were adjusted to 2024 prices using the IMF Consumer Price

Index (IMF 2023). National poverty lines were also transformed into current United States (US) dollars using the United Nations exchange rate for January 2024.

National poverty lines in low-income[1] countries

In low-income countries, national poverty lines are not always set at the lowest levels globally; in fact, they can vary significantly depending on local economic conditions and policy decisions. For example, Uganda's national food poverty lines are based on a minimum daily calorie intake of 3,000 kcal per adult, which is much higher than the norms used in neighbouring Kenya (2,250 kcal) and Tanzania (2,200 kcal) (World Bank 2023; Uganda Bureau of Statistics 2021; Kenya National Bureau of Statistics 2023; World Bank 2019; Beegle et al. 2016). Uganda is a low-income country while Kenya and Tanzania are both lower-middle income countries. For this reason, we could not exclude the possibility that in low-income countries, poverty lines may be set higher than in certain middle-income countries. Low-income countries often face greater economic vulnerability, with frequent shocks such as natural disasters, social unrest, conflict, or commodity price fluctuations that can push the cost of living upward (Carter et al. 2007; De Haen and Hemrich 2007; Arezki et al. 2012; ICRC 2022; Gupta et al. 2004). Moreover, residents of low-income countries also lack access to infrastructure, such as roads, transportation and piped water, which make the cost of living even higher (Beard and Mitlin 2021; Lall et al. 2009). In their calculations of international poverty lines using national poverty lines, the World Bank confirms that some low-income countries have higher national poverty lines than those of lower- and upper-middle income countries (Jolliffe et al. 2022).

Why did the ILO not use international poverty lines?

The international poverty line is a globally recognized benchmark for measuring poverty, established by the World Bank (Ravallion et al. 1991). Based on this approach, the median poverty line for low-income countries, or extreme poverty line, is estimated to be US$2.15/day (2017 PPP). The higher international poverty lines using national data from lower-middle-income countries and upper-middle-income countries are estimated to be US$3.65/day and US$6.85/day, respectively, in 2017 PPP (Jolliffe et al. 2022). The primary purpose of international poverty lines is to enable global comparisons of poverty across countries using a standardized metric, particularly for tracking global poverty reduction goals.

The ILO did not use international poverty lines because its objective—following the guidance of Recommendation 202 (R. 202)—was to calculate the financing gap based on each country's specific circumstances. The critique by Kidd et al. (2025) appears to confuse the concept of international poverty lines with that of poverty rates. However, Cattaneo et al. (2024) did not aim to compare poverty rates across countries. Instead, their objective was to estimate the level of public financing required in each country to achieve universal social protection. For this purpose, national poverty lines serve as a meaningful and context-sensitive yardstick for setting social protection benefit levels.

Social protection expenditure in countries that have universal coverage

Kidd et al. (2025) assert that the 19.8 per cent of GDP financing gap in low-income countries has led many to conclude that universal social protection is unaffordable in low-income countries without external aid. They imply that this level of additional investment is unrealistic. However, the paper by Cattaneo et al. (2024) does not concur and claim that this level of investment is unfeasible. In fact, with a combination of progressive taxation and social security contributions as well as enabling formalization and employment strategies countries can realistically work toward filling the financing gap.

If we consider the social protection spending in high-income countries, for example in the case of countries of the European Union, it is evident that countries providing universal coverage and adequate benefits typically spend around 20 per cent or more of their GDP on social protection, and this does not even include health care (ILO 2024). In contrast, low-income countries only spend 0.8 per cent of their GDP on social protection. Hence, a financing gap of 19.8 per cent of GDP is not unrealistic. When added

[1] Low-income countries are classified according to the World Bank's country classification by income level for fiscal year 2024. Source: World Bank Country Classifications by Income Level for 2024–2025

to the existing 0.8 per cent of GDP spending, it would bring these countries to a level of expenditure comparable to those countries already providing universal and adequate social protection. It is also important to note that low-income countries typically have a much smaller GDP in absolute terms, especially in the case of countries experiencing multiple crises and conflict, which means that while the financing gap appears large as a percentage of GDP, the investment required is relatively modest when compared to higher-income countries.

Providing this overall estimate does not imply that countries need to make the investment in the social protection floor in one fell swoop. As experience shows, and as acknowledged by Kidd et al. (2025), countries make investments in building their social protection systems progressively over time and based on national priorities, ideally articulated through inclusive national social dialogues. They could begin, for example, by investing in maternity benefits, a short-term benefit that is relatively low-cost, but with huge social and economic benefits. And then gradually add other social protection guarantees, for example, child benefits or pensions, among others.

A comparison of the ILO and Kidd et al. (2025) methodologies

When reading Kidd et al. (2025), one might come away with the impression that the ILO's approach to estimating the financing gap was inconsistent or arbitrarily applied. However, this is a caricature and misrepresentation. In reality, the methodology was carefully designed to be consistent, robust, and transparent. It was systematically applied across all countries using the same framework, without making ad-hoc adjustments or tailoring assumptions on a case-by-case basis. This approach was crucial to ensure comparability and coherence in a study of global scope. Unlike a method that aggregates country-level financing gaps calculated using different national methodologies, the ILO approach ensures that results are grounded in a single, unified model, thereby preserving both methodological integrity and global consistency.

The Kidd et al. (2025) document reviews the ILO methodology, while offering an alternative costing approach (in section 6). The proposed approach covers 10 low-income countries and determines the level of social protection benefits using as benchmark proportions of GDP per capita.

Despite the fact that ILO used GDP per capita to determine the level of benefits in some early studies (Pal et al. 2005; Mizunoya et al. 2006; ILO 2008), we believe that GDP per capita is not a good proxy for determining the level of benefits, since it covers consumption, investments, government spending and net exports. Proportions of GDP per capita cannot therefore be used to determine the level of social protection benefits since they completely ignore the required household consumption levels needed to live a dignified life. Kidd et al. (2025) do not provide any references to peer reviewed papers to justify their methodological choice of using proportions of GDP per capita to determine the level of benefits. The only recent source we could find with a similar approach, was the methodology used in the ESCAP Social Protection Simulator (ESCAP 2025), which is not cited in Kidd et al. (2025). The ILO therefore abandoned the use of GDP per capita to determine the level of social protection benefits post-2008 (Ortiz et al. 2017; Durán-Valverde et al. 2019; 2020).

The ILO sees two main problems with the Kidd et al. (2025) methodology. The first weakness is that the proposed alternative approach leads to benefits that are extremely low. For example, in Burundi the ILO estimates an annual old-age pension of US$365.4, while Kidd et al. (2025) estimate an old-age pension of US$34.3 a year. This figure is not comparable to any of the poverty lines the ILO has found for low-income countries, while being ten times lower than the poverty line used by the ILO for Burundi. According to the ILO, the country with the lowest poverty line is South Sudan with US$141 per year.

The second problem with the methodology used by Kidd et al. (2025) is that it does not consider existing social protection coverage. In so doing, it effectively includes social protection benefits for those who are already covered, underrecognizing progress in extending coverage. For example, in Togo 74.5 per cent of children below 15 years of age are covered by social protection. This would mean having to provide a benefit only to 25.5 per cent of children below 15 years.

The financing gap estimates presented in Figure 6.1 of Kidd et al. (2025) are notably lower than those of the ILO for most countries. However, the methodology used to derive these estimates is neither based on any nationally recognized standards, nor on any established peer-reviewed research. There are therefore no grounds for the ILO to issue a *corrigendum* or to revise its *World Social Protection Report 2024-26* as requested by Kidd et al. (2025).

Estimating social protection financing gaps always involves making methodological choices, and each choice affects the results—ultimately, there is no perfect approach. The methodology used by Cattaneo et al. (2024) is aligned with international social security standards, most notably R.202, and represents a significant advance in terms of accuracy and comprehensiveness vis-à-vis earlier studies especially those pre-dating R.202. In contrast, the approach taken by Kidd et al. (2025) marks a step back rather than a contribution to improving current methods. Moreover, their analysis focuses on just 10 countries, whereas the ILO's estimates cover 133 countries, offering a much broader and more representative view. A sound methodology for calculating financing gaps should be based on the full spectrum of developing countries, rather than being narrowly limited to a small, selectively chosen group of 10 low-income countries.

Treatment of outliers

Dealing with outliers—data points that are very different from the rest—is a common and difficult challenge in quantitative research (Aguinis et al. 2013). In our case, Sudan is an outlier with a financing gap of 216.8 per cent of GDP—a point that was already acknowledged in Cattaneo et al. (2024, p. 17). Understandably, such extreme cases can affect overall averages, even when those averages are adjusted for GDP as in Cattaneo et al. (2024). While removing Sudan from the calculation might reduce the average financing gap for low-income countries to around 10 per cent of GDP, doing so would not necessarily give a more accurate or meaningful picture. This is because there is no solid reason to leave Sudan out—its high financing gap is a direct result of hyperinflation caused by ongoing conflict, which, on the one hand, led to a higher national poverty line and, on the other, to a lower GDP. Instead of selectively excluding countries with large financing needs, the ILO chose to be fully transparent. We published the average figures along with detailed country-level data in the annexes so readers can see the full picture for themselves. Removing countries like Sudan would raise further questions—should we also exclude countries with very low financing gaps? And how do we even define what counts as a "too high" or "too low" financing gap? This kind of selective approach would make the results arbitrary and hard to defend—similar to the method used by Kidd et al. (2025), who calculated the financing gap using only 10 out of the 25 low-income countries.

Conclusions

To conclude, despite our strong conviction in the usefulness of rigorous peer-review and critical exchange to advance the state of knowledge—particularly important when it comes to policies that are critical for advancing human well-being and social justice—we remain convinced that the ILO methodology is not compatible with the suggestions put forward by Kidd et al. (2025). However, the point about needing to systematically pay attention to the adequacy of social protection benefits highlighted by Kidd et al. (2025) is well-taken, and it is indeed an area on which we are currently working. It is likely that financing gap estimates that account for both coverage and adequacy gaps will be even higher than those cited in Cattaneo et al. (2024).

In this brief's Annex we provide a detailed, point-by-point response to the specific criticisms raised by Kidd et al. (2025) regarding the ILO's methodology. Each of these so-called "inconsistencies" or "errors" is addressed individually to clarify misunderstandings, correct misinterpretations, and reaffirm the soundness of the ILO approach. By systematically responding to these claims, we demonstrate that the ILO methodology is both rigorous and consistent, and that the critique by Kidd et al. (2025) often stems from a mischaracterization or selective reading of our analytical choices.

Annex: Point-by-point response to Kidd et al. (2025)

Extracts from Kidd et al. (2025) are presented in bold here below, followed by ILO responses.

1. **Page 2. To calculate the budget required for each scheme, the ILO multiplied the two numbers (transfer value and coverage).**
   ILO response: The ILO did not multiply the transfer value and coverage to obtain the budget required to universalize social protection for each guarantee. Rather, the transfer value was multiplied by the proportion of individuals who are not covered by each guarantee (see page 11 Equation 1 of Cattaneo, et al. 2024). Maybe this is a typo, and the authors meant 'coverage gap' and left out the word 'gap'. However, as this aspect is essential for understanding the ILO financing gap methodology, it is important that we clarify the methodology.

2. **Page 8. In Uganda—the low-income country with the supposedly lowest cost for universal social security, at 2.1 per cent of GDP—the ILO significantly underestimated the cost by not including child and disability benefits. If these had been included, the overall cost for Uganda would have been 10.8 per cent of GDP.**
   ILO response: As highlighted in Annex 5.2 of the *World Social Protection Report 2024-26*, Uganda is not the low-income country with the lowest social protection coverage. Uganda has a social protection effective coverage rate of 3.1 per cent, which is higher than that of other low-income countries that have zero coverage (e.g. Somalia, South Sudan). The cost of child benefits in Uganda, and in 11 other countries,[2] were not included in the financing gap estimates because the coverage rates for these 12 countries could not be obtained from the Social Security Inquiry (SSI) that provides data (obtained from countries and validated by them) for the World Social Protection Database. Likewise, the SSI does not include any data for disability benefits in Uganda and 18 other countries.[3] It remains unclear to us how Kidd et al. (2025) reached the 10.8 per cent of GDP financing gap in Uganda by including child and disability benefits, as no information on the coverage rate for these two benefits is available. No explanation is given.

3. **Page 9. Sudan stands out for the value of its old age pension: despite being a really poor country with a GDP per capita of only US$595, the ILO propose that older people in Sudan should receive an old age pension of US$5,599 per year!**
   ILO response: As presented on page 5 of Kidd et al. (2025), Sudan stands out for the high value of its national poverty line US$5,599 in 2024. However, as explained on page 17 of the ILO financing gap study, the high value of the poverty line in Sudan is attributed to persistent conflict, disease outbreaks, economic and political turmoil and climate crises (UNHCR 2024; Famine Early Warning Systems Network 2023). Inflation also spiked in recent years (Figure 1). It is widely known that food prices increase during conflicts leading to welfare losses and pushing further down the income ladder those who are already poor (Minten et al. 2023). Therefore, it is not surprising that in Sudan the consumer price index has spiked and led to the high value of the national poverty line.

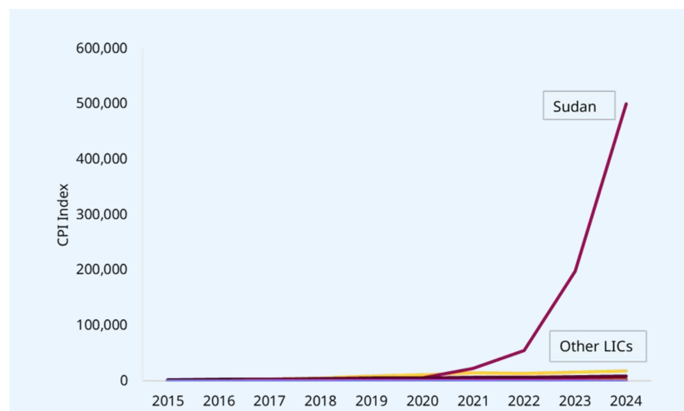

Figure 1. Consumer Price Index in low-income countries, 2015-2024
Source: (IMF 2023).

[2] Low-income (Guinea-Bissau, Syrian Arab Republic, Yemen), lower-middle income (Congo, Lao People's Democratic Republic, Solomon Islands, United Republic of Tanzania), upper-middle income (Belarus Grenada, Palau, Venezuela (Bolivarian Republic of).

[3] Low-income (Gambia, Liberia, Madagascar, Niger, Sierra Leone, Syrian Arab Republic, Yemen), lower-middle income (Angola, Congo, Comoros, Djibouti, Haiti, Kiribati Lebanon, Lesotho) and upper-middle income (Cuba, Gabon, Marshall Islands).

4. **Page 9. [The Sudanese poverty line] This is much higher than, for example, the US$3,949 they propose for Bulgaria, a high-income country in the European Union, and, indeed, over 16 times higher than the US$338 annual pension proposed for China, an upper middle-income country. Similarly, the proposed old age pension for Yemen, at US$2,631 per year, is very high and well above that of many middle-income countries.**
   ILO response: Bulgaria joined the EU in 2007 and has subsequently benefited from EU funding. Since 2022, the European Union, through the European Social Funds Plus, has invested 2.6 billion EUR to improve access to jobs and boost skills development to help Bulgarian citizens succeed in the digital and green transitions, and ensure equal access to inclusive education and quality training (EU Commission 2022). Such investments are strengthening the physical and social infrastructure of the country and thereby lowering the out-of-pocket cash expenditure required to stay out of poverty. By contrast, as explained under point 3, Sudan continues to face significant challenges, including continued conflict and skyrocketing inflation, which make the poverty line higher than in Bulgaria. Therefore, as argued above in the section on "National poverty lines in low-income countries", Bulgaria[4] has a lower poverty line than Sudan.

5. **Page 9. In Sierra Leone, for example, while the ILO proposed an annual old age pension of US$623, the Government of Sierra Leone, in its 2022-2026 National Social Protection Strategy, proposed a much lower—and more realistic—tax-financed pension of US$144 per year (i.e., around 25 per cent of the ILO's proposed value).**
   ILO response: As already mentioned, the ILO study sets the benefit levels at the national poverty lines published by the statistical office of each country, including in the case of Sierra Leone (Statistics Sierra Leone 2019). In fact, the Sierra Leone social protection strategy (on page 84) also tracks poverty using the same poverty line that is published by Sierra Leone's National Statistical Office (Government of Sierra Leone 2022; Cattaneo et al. 2024). Therefore, there is no discrepancy between the poverty line used by the ILO study and the one cited in the National Social Protection Strategy, even if the Strategy then proposes a benefit that is well below the poverty line. It is important to underscore that a pension at the level of the national poverty line is in line with the objective established by ILO Recommendation No. 202 (R.202). While the lower benefit level proposed in the national strategy may be viewed as a milestone toward that goal, it should be recognized that a pension set at only 25 per cent of the poverty line is insufficient to lift older persons out of poverty. Rather, it can be considered part of a progressive approach to achieving income security, in line with ILO standards, but not an endpoint in itself.

6. **Page 10, Box 4-1. The other reason for the low cost (in China, India, Indonesia, Thailand and Viet Nam) is likely the result of the ILO calculating coverage by deducting those already receiving a benefit from the total population in the category. Yet, in some cases, the pension provided by countries is below the value proposed by the ILO.**
   ILO response: The ILO welcomes this comment. It is true that the ILO did not account for the adequacy of benefits for those already covered, as information on the adequacy of social protection benefits is not systematically collected through the Social Security Inquiry (SSI). However, the ILO is currently working on this important issue in a few countries with a view to systematically including it in the SSI in the near future. However, it should also be noted that taking into account the adequacy of benefits for those already covered is likely to increase the financing gap estimates for many countries, thereby going in the opposite direction to what Kidd et al. (2025) are suggesting (i.e. bringing down the financing gap estimates).

7. **Pages 11 and 12. Further, using poverty lines to determine social policy misunderstands the purpose of poverty lines. While they are a useful tool for monitoring a country's progress, they are not a substitute for governments making informed decisions on appropriate transfer values within their countries, where they must balance affordability against the requirements of their populations. They make even less sense for universal benefits when**

[4] Bulgaria was classified as upper-middle-income country in FY2024 See: https://blogs.worldbank.org/en/opendata/world-bank-country-classifications-by-income-level-for-2024-2025.

most people are living above the national poverty line anyway.
ILO response: Poverty lines, especially national poverty lines, are of course an important yardstick for determining transfer values, as they constitute a minimum threshold of living standards below which no one should fall. The ILO Social Protection Floors Recommendation, 2012 (No. 202), as already cited, specifies very clearly (under paragraph 8b) that nationally-defined minimum levels of income should correspond to national poverty lines or comparable thresholds, and these levels are essential for determining benefit levels, including for universal benefits—this is not to say that minimum benefit levels necessarily need to be equal to the poverty line, but they should allow that the combination of benefits and other incomes brings people above the poverty line and allow life in dignity. Since building social protection systems requires strengthening domestic resource mobilization for financing social protection, it makes sense that the level of benefits is anchored in the national concept of poverty and not to an international definition, which has little national ownership. The aim of the ILO financing gap study was not to estimate the benefit level that could be paid based on the government's current budget constraints, but rather to estimate the investment required to ensure an adequate benefit for all of those who are not covered and should be covered, and which is sufficient to lift people above the poverty line. Furthermore, as already mentioned, it was stated very clearly on page 9 (Cattaneo et al. 2024) that the methodology presented in the paper cannot replace fine-grained country-level costing and fiscal planning exercises.

8. **Page 16. A challenge the ILO faced when determining national poverty lines is that, in most cases, they did not have up-to-date information and, therefore, had to use national poverty lines that were calculated many years ago. [...] This resulted in high transfer values and, consequently, high estimates of costs.**
ILO response: National poverty lines are usually updated when new income and expenditure survey data becomes available. Given government budget constraints and the high cost of carrying out household surveys in developing countries, updates are not frequent. However, most low- and middle-income countries adjust the real poverty line to inflation on a year-to-year basis (Ravallion 1998; United Nations Statistics Division 2005). As highlighted by Kidd et al. (2025), Eritrea has the oldest poverty line data which is for 2003. However, after adjusting the poverty line for inflation, the 2024 value for Eritrea is only US$677.3. Countries with more recent poverty lines (e.g. Sudan) have much higher national poverty lines for 2024 than Eritrea. This shows that the age of a national poverty line does not determine its adjusted value after accounting for inflation.

9. **Page 17. The ILO, therefore, faced an extremely difficult—and, in some cases—impossible task when updating national poverty lines to 2024. The information they had at their disposal to inflate the poverty lines was too uncertain, especially in some of the most fragile states. As a result, the poverty lines estimated by the ILO for 2024 almost certainly do not align to those that would be found if the poverty lines had been calculated using new household survey data from 2024.**
ILO response: National statistical offices (NSOs) do not update the national poverty line each year to reflect real economic changes (i.e. the food and non-food baskets). One reason for this is that sustained increases in average living standards, which change the perception of what poverty is in a given society, have longer time frames than one year. Therefore, even if household survey data were available annually, it would not be appropriate to update the food and non-food baskets underlying the national poverty line every year (Ravallion 1998). However, national poverty lines need to be adjusted for inflation to account for yearly changes in prices. The ILO financing gap study employs the most widely available and standardized source of information to adjust national poverty lines for inflation: the IMF consumer price index (CPI), which is available for 191 countries in the world (IMF 2023; IMF et al. 2020). Therefore, the harmonization of poverty lines to reflect 2024 inflation was not an impossible task (even if it was time-consuming!).

It should also be noted that World Bank research shows that CPI basket weights typically reflect the expenditure patterns of wealthier households, which spend a much smaller proportion of their budget on food items compared to the average poor household. If food prices increase much more quickly than general consumer prices, CPIs may underestimate the true inflation experienced by the poorer households (Beegle et al.

2016). Therefore, far from being “too high”, the adjusted poverty lines—and the corresponding benefit levels—could in fact understate the real cost of meeting basic needs. The decision to adjust poverty lines using the CPI across all countries reflects a conservative and methodologically consistent approach, essential for producing comparable country-level estimates of the financing gap.

10. **In the report used by the ILO for ascertaining the national poverty line in Uganda, the poverty line given by Uganda’s Bureau for Statistics in 2020 was US$1.77 per day in 2011 PPP terms. By reworking the ILO’s calculations, it appears that the ILO mistakenly thought that the US$1.77 poverty line was in nominal dollars rather than PPP dollars.**
ILO response: The figure used by the ILO financing gap study for Uganda’s national poverty line was taken from page 18 (PDF) of the Uganda National Survey Report 2019/2020, which is US$1.77 per person per day (equivalent to UGX87,000). As far as we can tell from the text of the survey report the poverty line (US$1.77) is not expressed in Purchasing Power Parity (Uganda Bureau of Statistics 2021).

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DOI: https://doi.org/10.54394/DKBS7472

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